2045080997

GENTLEMEN, START YOUR ENGINES...

2045080997

Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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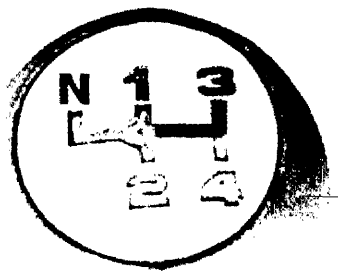
FOUR ON THE FLOOR
FROM PHILIP MORRIS



A 4-STEP PROGRAM DESIGNED TO TURBOCHARGE YOUR CIGARETTE SALES AND PROFITS

2045080998

Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

ARCHIVE LOCATION VARIANCE SHEET

THE NUMBER (RANGE) 2045080999 **IS LOCATED:**

( ) **IN THE AUDIO CABINET** _____

( ) **IN THE VIDEO CABINET** _____

(✓) **ON THE OVERSIZE SHELF** ✓

( ) **IN THE MICROFORMS CABINET** _____

( ) **AT THE WAREHOUSE** _____

( ) **IN THE TRANSLATION/TRANSCRIPTION FILES**

_____

( ) **OTHER** _____

Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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CIGARETTE FAST FACTS

FACT: The cigarette category is among the top 10 selling product lines in your store.

Rank	Product	Sales (billions)
1	Meat	$43.9
2	Produce	24.5
3	Carbonated Soft Drinks	8.7
4	Bakery Foods, Packaged	8.7
5	**Cigarettes**	**8.3**
6	Deli	6.9
7	Beer	6.3
8	Fluid Milk Products	6.2
9	Prepared Frozen Foods	4.9
10	Ready-To-Eat Cereal	4.7

*Source: Progessive Grocer July 1990

- **Can you afford to ignore this profit center?**

FACT: A recent Wall Street Journal survey concluded cigarettes have the highest brand loyalty of any category... 71%.

- **Are your customers satisfied with your cigarette line-up?**

FACT: The average Marlboro carton consumer spends 19% more on groceries than non-cigarette consumers.[1] In addition, research indicates that 62% of carton purchasers go to another store when faced with an out-of-stock.[2]

- **Are they taking their shopping lists with them?**

1 Does not include cigarette purchase 2 PM consumer tracking study 3 Progressive Grocer, July 1990

FACT: Cigarette revenue continues to grow.

- In 1989, cigarettes posted a 3.9% sales increase in supermarkets.[3]
- Cigarettes rank among the leaders in sales per linear foot.

AVERAGE SALES/STORE/MONTH/LINEAR FOOT

Rank	Product	Sales
1	Soft Drinks	$249
2	**Cigarettes**	**242**
3	Granulated Sugar	205
4	Detergents, Liquid	203
5	Tuna, Canned	187
6	Ready-To-Eat Cereal	184
7	Toilet Tissue	171
8	Coffee, Ground	167
9	Disposable Diapers	139
10	Detergents, Powder	130

*Source: Nielsen/Progessive Grocer November 1990

- Your cigarette inventory turns an average of 22 times a year.

SUPERMARKETS

Source: Progressive Grocer

Are you maximizing your cigarette profits?
Let Us Help You Improve Your Cigarette Merchandising

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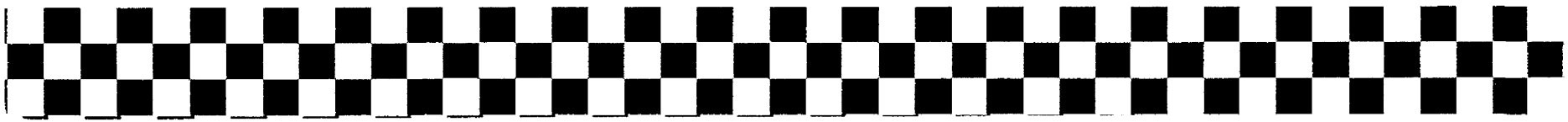

Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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CATEGORY MERCHANDISING

COMPETITION FOR VOLUME IS FIERCE!

With over a quarter-million retail outlets selling cigarettes, smokers know they can buy cigarettes virtually anywhere at impulse. The key to category success is to remove consumer purchase impediments and position your store as a magnet for volume.

DISTRIBUTION OF CIGARETTE RETAIL SALES

	1990	Change vs 1984
SUPERMARKETS	24%	−2%
MASS MERCHANDISERS	6	NC
OTHER CARTON OUTLETS	15	−2
CONVENIENCE/GAS	36	+8
DRUG STORES	8	NC
VENDING/OTHER PACK OUTLETS	11	−4

CIGARETTE MERCHANDISING GUIDELINES

- Appeal to your consumers' broad taste preferences with a wide selection of products
- Determine sales share by brand and allocate your inventory accordingly
- Re-examine your plan-o-grams. Are your best selling brands properly inventoried and visible?
- Communicate availability of top brands with graphics and price call-outs
- Place your fixtures in high traffic/high visibility locations to stimulate increased sales and impulse
- Set your pricing competitively and build a full promotional program
- Assign a key employee to manage the cigarette category; ensure consistent timely ordering and avoid costly out-of-stocks

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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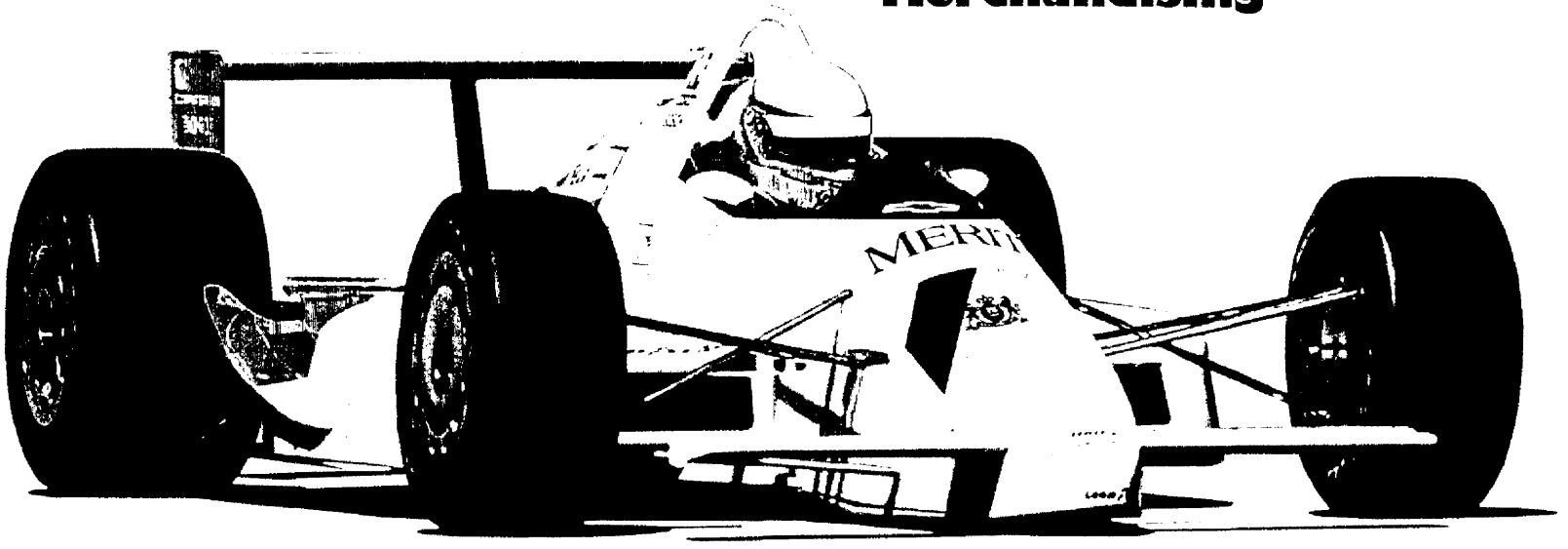
SECOND GEAR

PACKAGE MERCHANDISING

2

PHILIP MORRIS
Means Performance Merchandising



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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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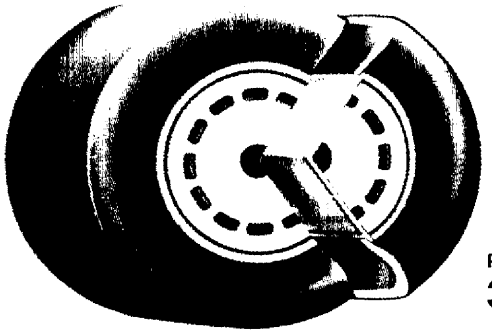
PACK SALES = PROFIT OPPORTUNITY

- Pack sales generate 28% of your front end dollars and represent 24% of front end profits.
- Front end profits will continue to increase as more consumers shift to packs.

PACK VS CARTON SALES SHARE

SUPERMARKETS

SOURCE INFOSCAN 9 90



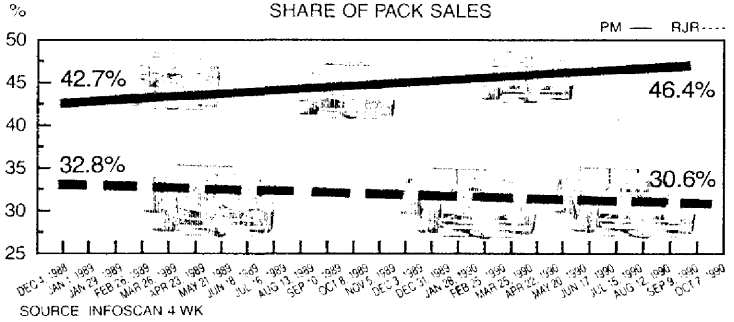
CARTONS **68%**

PACKS **32%**

- Properly merchandised pack cigarettes provide a competitive edge. Convenient, visible displays attract pack customers and position you to compete with one of your biggest competitors -- convenience stores.
- Philip Morris is the industry leader with 46% of pack sales.

PHILIP MORRIS VS R.J. REYNOLDS

SHARE OF PACK SALES

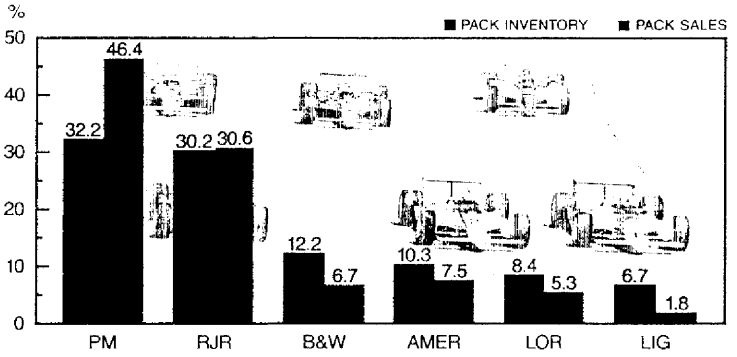


SOURCE INFOSCAN 4 WK

- PM Package Merchandising programs can correct inventory imbalances and supercharge category profitability.

PACK INVENTORY VS PACK SALES

BY MANUFACTURER
SUPERMARKETS



SOURCE: NIELSEN/INFOSCAN 3MM

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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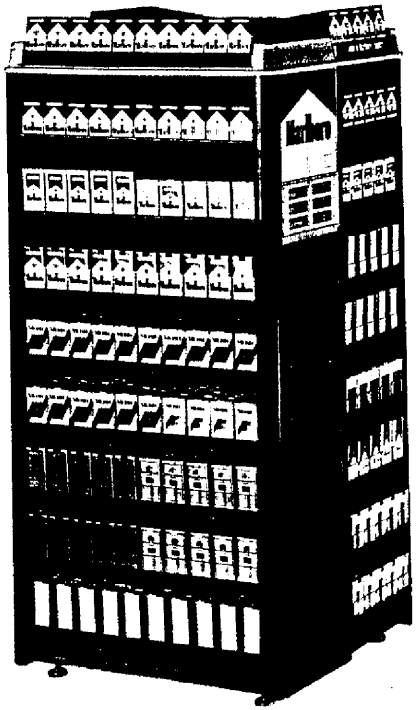
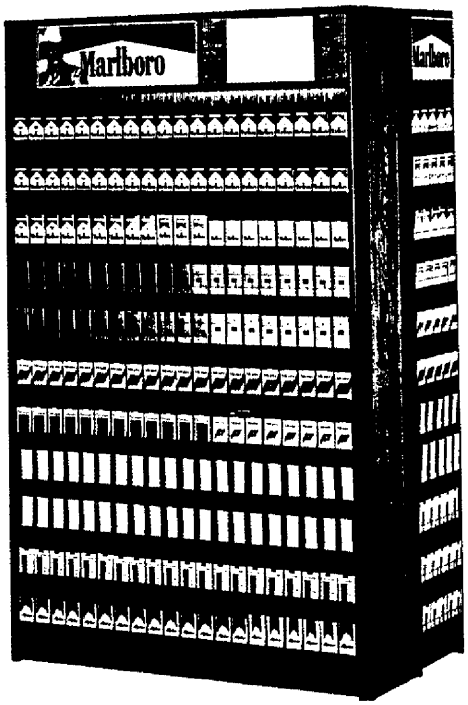
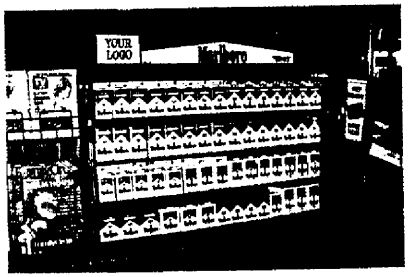
PHILIP MORRIS PACKAGE MERCHANDISING PROGRAMS ADD POWER TO YOUR FRONT END





CENTRALIZED PACKAGE MERCHANDISING: PLAN R

- Designed to merchandise the entire category
- Spring load fixtures offer attractive display and ease of purchase
- Prime position maximizes sales and profits
- Large variety of fixtures available; no need to look elsewhere
- Custom options available
- Promotional capability
- Competitive merchandising payments



CHECKLANE DISPLAY: PLAN C

- Gain impulse sales and profits at high traffic locations
- Feature your number one brand and profit maker – Marlboro
- Easy to install
- Promotional capability
- Flexible fixture design
- Custom options available
- Competitive merchandising payments

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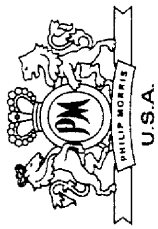
Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000



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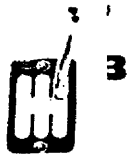
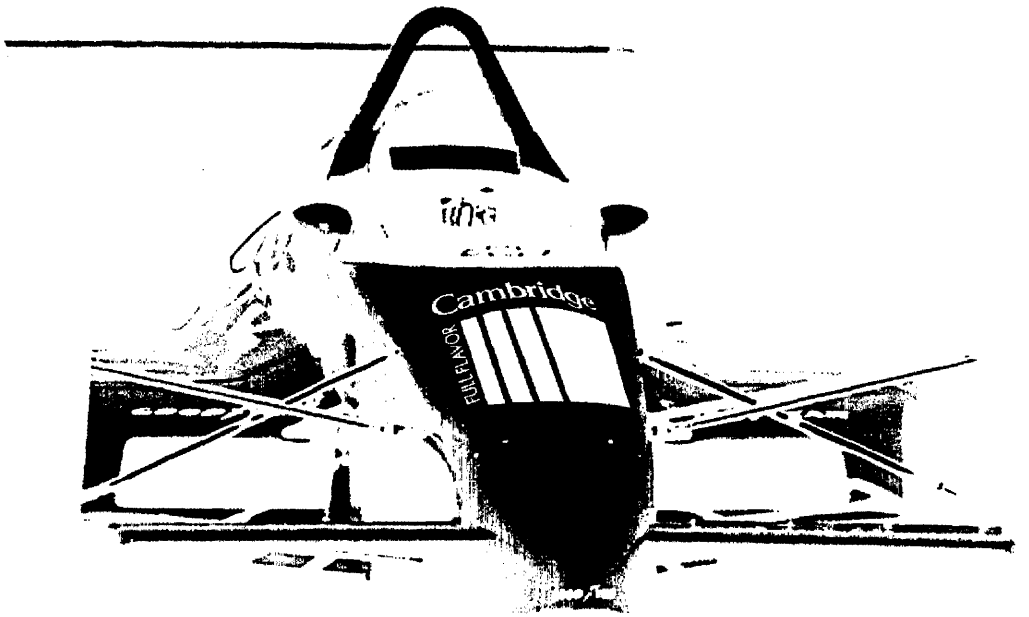
THIRD GEAR

CARTON MERCHANDISING



PHILIP MORRIS

Means Performance Merchandising



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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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CARTON SALES ARE ON THE MOVE

With nearly 70% of sales by the carton, it is essential to properly stock, maintain and merchandise carton cigarettes.

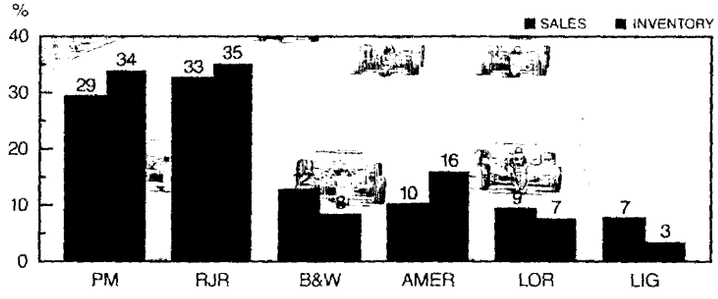
PROFITS PLUS A LOYAL CUSTOMER BASE!

- Carton cigarettes are a planned purchase. Consumers will shop where they can buy their favorite brand.
- A carton purchase represents significantly more revenue through your cash register than typical grocery products.

The cornerstone of carton merchandising is the carton fixture. Use the following guidelines to maximize category sales and profits:

- **LOCATION.** A highly visible, self service location will insure consumer accessibility. A recent study concluded that there is at least a 9% sales difference by merchandising cartons self service versus non-self service.*
- **INVENTORY.** The proper inventory is critical when determining your product mix and department size.
  - Examine your carton inventory by manufacturer. Are you allocating according to share of sales?

CARTON INVENTORY VS SALES
BY MANUFACTURER
SUPERMARKETS

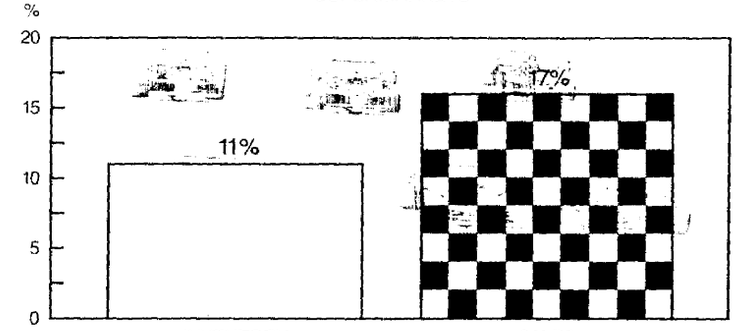


SOURCE: NIELSEN 3MM

*PM Merchandising Study 1987

- Your carton inventory is an expensive asset. Inventory imbalances can lead to costly out-of-stocks, lost sales and profits!
- For example, Marlboro, the leading brand with nearly a 17% carton share, is under inventoried in supermarkets.

MARLBORO CARTON INVENTORY VS SALES
SUPERMARKETS



SOURCE: NIELSEN/INFOSCAN

- **PLAN-O-GRAMMING – Focus on product movement!**
  - Although merchandising payments are important, profits from sales are far more significant. A properly plan-o-grammed carton rack will maximize turns and category profits.
- **IDENTIFY GROWTH TRENDS.** To maximize sales, identify growth trends within the category and adjust plan-o-grams and orders accordingly. Two areas are showing consistent share growth.
  - Continued consumer preference for box packings.

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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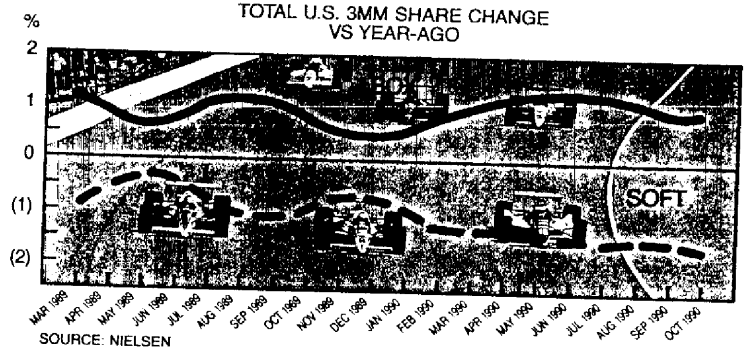
PHILIP MORRIS CARTON MERCHANDISING

BOX VS SOFT

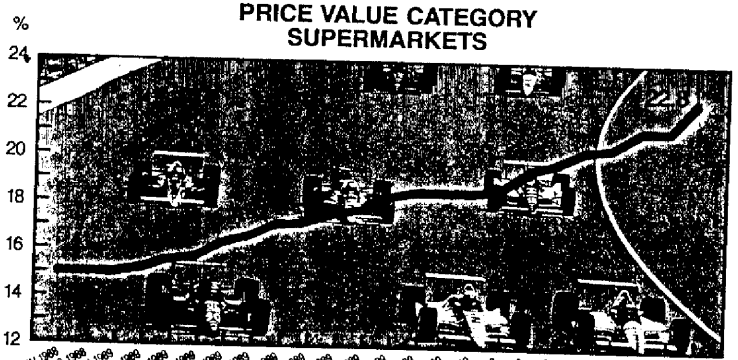
TOTAL U.S. 3MM SHARE CHANGE
VS YEAR-AGO



SOURCE: NIELSEN

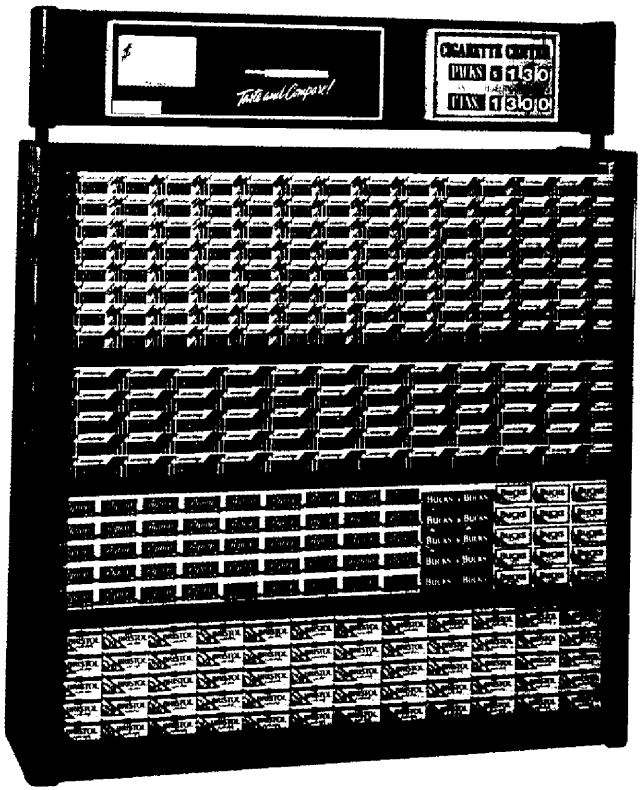
- Expanded price value activity. This category now accounts for nearly 23% of supermarket cigarette sales.

PRICE VALUE CATEGORY SUPERMARKETS



SOURCE: NIELSEN 3MM

- Feature what's hot – For example, with the continued growth of price value brands, a supplemental price value fixture can heighten product awareness and availability.



CARTON MERCHANDISING IS ONLY ONE PIECE OF A TOTAL CATEGORY STRATEGY IN YOUR STORE. COMBINED WITH PACKAGE MERCHANDISING AND PROMOTIONS, YOUR STORE IS ON THE FAST TRACK TO INCREASED SALES AND PROFITS IN THE CIGARETTE CATEGORY.

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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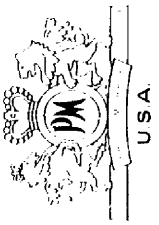

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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PHILIP MORRIS
Means
Performance
Merchandising

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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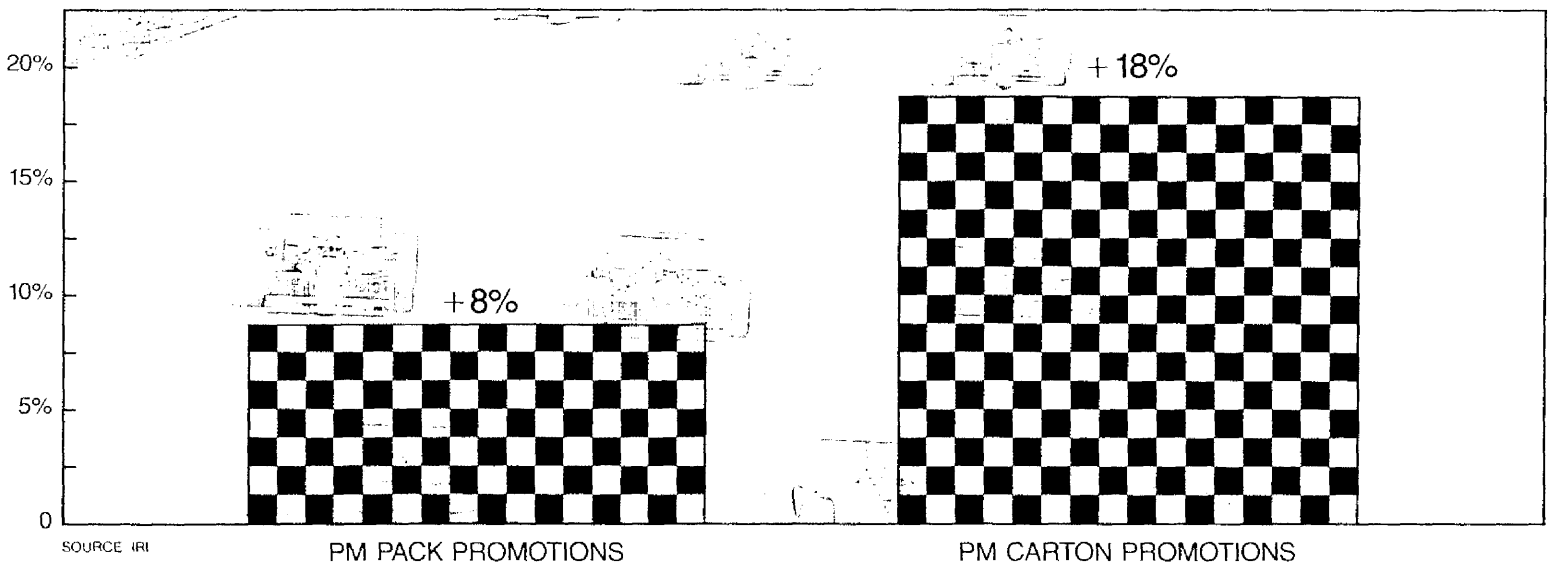
PROMOTIONS DRIVE SALES

- As with other categories, cigarette promotions are an integral part of your sales and profit plan.
- According to IRI, PM promotions generated sales increases between 8% to 18% in 1989.

PROMOTIONS IN SUPERMARKETS
AVERAGE VOLUME INCREASE



SOURCE IRI

- **PROMOTIONS CAN ALSO PROVIDE:**
  - Exciting displays that generate impulse sales
  - Increased in-store traffic
  - Extra value – reward your customers
  - Competitive display payments
  - More effective and productive use of your limited floor space

TOGETHER WE CAN PROMOTE THE CIGARETTE CATEGORY

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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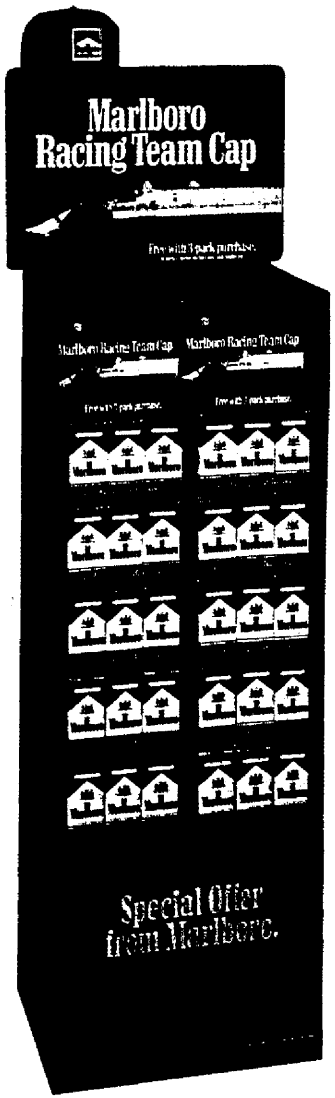
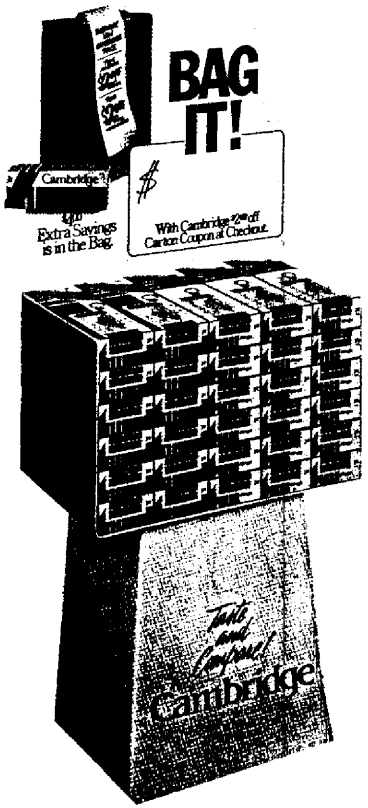
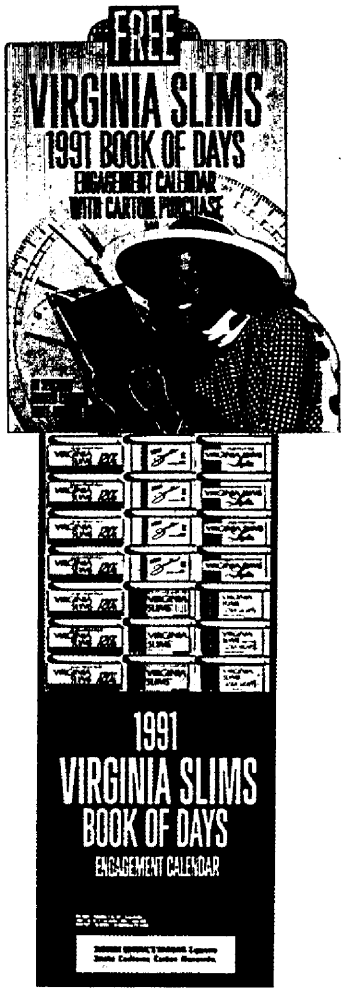
PHILIP MORRIS OFFERS EXCITING PACK AND CARTON PROMOTIONS TO GENERATE INCREMENTAL SALES AND PROFITS







Contact your PM representative for a promotional schedule

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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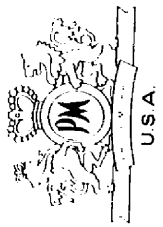

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Source: https://www.industrydocuments.ucsf.edu/docs/gmwl0000

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